Citizens
National
Bank

FDIC

June 6, 2006

Ms. Jennifer J. Johnson
Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, SW
Washington, DC 20551

RE: Commercial Real Estate Lending Proposed Guidance (71 FR 2302)

To Whom It May Concern:

Thank you for the opportunity to comment on the proposed guidance. In my position as Vice President of Commercial Lending at Citizens National Bank in Paintsville, Kentucky, I have grave concerns about the scope of guidance and the inclusion of certain loans.

Bankers agree, and understand the regulatory concern that banks should not hold an unwieldy concentration of commercial loans. Risk management in the area of commercial loan portfolios should be, and is, taken quite seriously. However, this concern, and the increased focus on the area of commercial lending because of some poor choices made by some bankers, should not result in a policy which threatens the core of our community banks.

The new proposal contains methodology changes which would place a disproportionate burden on smaller, community banks, when compared to larger institutions (over 1 billion). This disproportionate burden is not justified when viewed against the risks sought to be mitigated. This proposed guidance would displace the strength of community banking, knowing customers and circumstances, with a strict formula. Community banking thrives on its ability to manage and monitor the risks in its community of banking customers and services. This proposal would take that strength away in the area of real estate lending.

Knowledgeable bankers and regulators are already positioned to monitor and evaluate CRE concentration risks. CRE concentration issues should be reviewed on a bank by bank basis, as determined by the overseeing regulators. Banking today, as always, cannot be positively served by applying a "one-size-fits-all" standard in this area.

Sincerely,

Ben D. Tackett, Jr.
Vice President
Commercial Lending